



Procurement News - Near and FAR

Volume I, No. 5

November/December 1996

Introduction

Welcome to the November/December edition of Treasury's Procurement News - Near and **FAR**. Based on the results of our customer survey, you think we are doing a good job with the newsletter and covering items of interest to contracting personnel. A suggestion we received will be incorporated into this and future editions, and that is a list of contract specialist and related job vacancies in Treasury bureaus. Keep your suggestions and feedback coming - we listen!

The editor for the next newsletter will be **Kevin Whitfield**. The deadline for articles will be December 27. Kevin may be reached on 202-622-0248 or "kevin.whitfield@treas.sprint.com."

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TREASURY NOTES

by Robert A. Welch
Procurement Executive



2001, A Procurement Odyssey - Part 1.

One of the steps in strategic planning is to forecast the operating environment of the future for your business. Obviously, if you can see what customers will expect from procurement in the future, you can take smart actions to get there. I've been thinking about this for some time, but my crystal ball still is pretty foggy. Over the next several months, I'd like to share with you a few glimpses of the future of procurement that I foresee. For those of you who believe in rigid rules instead of guiding principles; my condolences. You are doomed to a career of frustration, where no one

will ask your advice, no one will seek you out and you will miss the opportunity to work with dedicated colleagues pulling together to support the mission of the organization you serve. For those of you who chose to be enablers and business advisors, congratulations on a career that will be rewarding both professionally and otherwise. Let me suggest that every one of you dig out the FAR. That's right, the Federal Acquisition Regulation. Read the Guiding Principles; FAR 1.102. No where do you see "thou shalt" or "NO." Instead, you do see teamwork and adding value.

My vision of successful procurement in the future includes cross functional teams pooling their unique expertise for the common good of satisfying a mission requirement. The contract specialist of the future will be on the team, bringing his/her business skills and

knowledge of the marketplace, and adding value.

Another glimpse of the future I'm having is the notion that procurement offices will cease to be sole sources. Your customers will have more and more choices for getting the goods and services they need. Four years ago in Treasury, there were 3,000 purchase card holders spending \$600,000 each month. Today there are 13,000 card holders spending over \$7 million! A recent GAO report stated that the Governmentwide purchase card program in FY 1995 was \$1.6 billion, and that it was only at 10% of its potential use.

GSA just awarded five office supply contracts to four large nationwide firms and one small business. The catalogues contain hundreds of pages and tens of thousands of items available by phone, fax or Internet. Prices are 25 - 40% off list and delivery is guaranteed in 24 hours.

Steve Kelman has stated that task order contracting is the great sleeper in the Federal Acquisition Reform Act. It seems like every few weeks, I learn about another task order contract which is available for use by anyone. See the May/June *Procurement News - Near and FAR* for the list. Say your customer needs a \$200,000 study. You can do it in six months. But the purchasing office down the street can do it through their task order contract in six weeks.

I think that you get my point. What do you do about it? Learn team building skills. Take courses in market research and customer service. Learn performance measurement and benchmarking. Become computer literate. Join professional organizations like the National Contract Management Association or the National Association of Purchasing Managers. And let the FAR Guiding Principles, govern your day to day interaction with your customers and your professional activities.

SUCCESS STORIES



Bureau of Public Debt Offers Franchising Services

by Jeanette Biddinger

BPD

In response to a National Performance Review recommendation, the Bureau of the Public Debt (BPD) explored offering administrative services to other Federal agencies through a franchising mechanism. Starting October 1, 1996, Public Debt began providing procurement services as part of a complete financial management

package, or independently, through franchising. Customers may use any or all of the procurement services including simplified acquisitions, contracting, and contract administration.

The procurement function provides the full range of customer service including assistance in acquisition planning, electronic submission of requests, notices of warranty expirations, subscription and maintenance renewals, electronically distributed status reports, and Federal Procurement Data System reporting.

The response to the initiative is impressive. In addition to an experienced workforce, Public Debt has the competitive advantage of having low turnover and being located in a low cost geographical area. BPD presently serves Franchise Business Activities (formerly CASUs) in Los Angeles, Seattle, Baltimore, and Cincinnati, and provides a variety of administrative services to small, independent agencies in Washington, D.C.

Franchising is an exciting challenge. As more agencies consider downsizing as a streamlining alternative, we expect franchised services will be a viable option for them. Contact **Rhonda Williamson**, Public Debt Franchise Services, at 304-480-7428, for more information.

Treasury-Wide Ammunition Contracts

by Chris Phillips

U.S. Secret Service

On September 23, 1996, the U.S. Secret Service awarded Treasury-wide ammunition requirements contracts with an estimated total of \$14 million over 3 years. Ten vendors won contracts, and all the ammunition requirements are included on one comprehensive schedule. The contracts include two option years, with the last option year ending September 22, 1999.

The U.S. Secret Service ammunition contracts offer significant cost savings over previous contract prices. Provisions are included in the contracts to allow other government agencies to use the Department of Treasury's schedule. Thus far, the Social Security Administration and the U.S. Marshals Service have utilized the schedule. In addition, the Federal Bureau of Investigation has expressed interest in using the schedule.

For more information about utilizing the ammunition schedule, you may contact **Steve Reggett** of the U.S. Secret Service Procurement Division at 202-435-6940.

Denver Die Shop Construction

by Sue Anderson

U.S. Mint

The U.S. Mint recently awarded an A/E contract to design the expansion of a Denver Mint building for construction of a die shop. The project involved a considerable floor space addition with a basement and several floors.

There were various design challenges. The project is in a secured, fenced area with armed guards. Consequently, various activities such as screening contractor machinery/vehicles and coin deliveries had to be orchestrated. Space was limited and posed a challenge in excavating the basement. Also, the building is a historic site and design changes had to be coordinated with the historical society.

Almost immediately after the design was begun, six qualified firms were selected. The firms were apprised of the unique acquisition process that would ensue and the process was followed. The list was narrowed to the best three (two large businesses and one small business) based on past performance. The three firms were invited to participate in a "value engineering" exercise. Meetings were conducted among staff from the U.S. Mint, the design contractor and the three contractors to discuss design possibilities. The three contractors were each paid a small fee (approximately \$6,000 each under a purchase order).

The "value engineering" exercise resulted in proposals and ideas which might be included in a traditional value engineering clause after award; however, the Mint wanted the ideas up front to avoid costly design changes. The three contractors participated in all of the meetings over several months and exchanged ideas openly. The brainstorming produced fantastic results, i.e., one contractor's suggestion may prompt another contractor to add to it or to suggest an improved idea. Several suggestions were adopted and changes were made to the original design.

During this period, the contractors only received the initial payment. Since everyone had been paid a set fee, a free exchange of ideas and considerable dialog was realized. **Contractors were also afforded the opportunity to ask questions in a forum that does not exist under traditional acquisition processes. The Mint believes that this preliminary communication significantly reduced the number of change orders normally encountered in a construction contract.** The contractors benefited also, as they were totally familiar with the work by the time the

solicitation was issued and prices were solicited.

A draft contract was issued to the three contractors; comments were received; and the terms and conditions were negotiated. When the final design drawings and specifications were completed, the solicitation was formally issued (containing the already agreed upon terms and conditions) and prices were solicited. **The contract was awarded to the lowest-priced offer (a small business) for approximately \$4.5 million. The process covered less than 90 days from receipt of the A/E design to contract award.** The contract was completed on time and there were few change orders.

The Mint attributes this successful acquisition to open dialog and partnering between Government and industry. They are currently applying this process, as appropriate, to requirements for services, equipment, and supplies.

Performanced Based Contracting Success Story

by Frank Trotta

FLETC

On August 30, 1996, **Laurie Jones**, Chief of the Federal Law Enforcement Training Center's Services Contract Branch, awarded the new Dormitory Management Services contract to OMNI Corporation, a small, disadvantaged business. OMNI was selected as the result of an unrestricted, full and open competitive process. The dormitory management contract is composed of firm-fixed-price, time and materials, labor hour and requirements type line items. Work to perform includes room registration, class registration, housekeeping, and dormitory maintenance. Previously these services were performed by a large business, which also competed for the new contract. The total estimated value of the contract including the base period and four option years is over \$11 million.

OMNI was selected on the strength of having the lowest evaluated pricing proposal and the highest-scored technical proposal. Proposal evaluation was performed by the technical evaluation team and the FLETC Procurement Analyst under the direction of Bobbie Dubberly, Contract Specialist. Using performance-based contracting methods, the FLETC obtained an improved level of quality for lower prices, compared to the previous dormitory management contract.

CUSTOMER OUTREACH

Mint Partners with Suppliers

by Coleen Vogel
U.S. Mint

On October 23, 1996, the U.S. Mint hosted its first "Supplier Day," meeting with representatives from 21 suppliers currently providing key production materials to the Mint.

Supplier Day was staged by the Mint's recently developed cross functional Supplier Partnership Team (SPT) for its key production materials -- packaging, metal strip and coin blanks, refined metals, die steel and jewelry -- which is comprised of members of the Mint's Procurement, Production, Quality Assurance, and Marketing staff.

SPT's goals are to ensure the highest quality materials at competitive prices; build long-term business partnerships; improve communications; facilitate new product development, and remove any obstacles that could hinder these objectives. The initial focus of the SPT is the evaluation of past and current relationships with suppliers, reviewing quality responsiveness, innovation, integrity and pricing.

Participants, including Treasury's Procurement Executive, Bob Welch, heard from speakers discussing world-class manufacturing techniques and impact communications. Finally, the day's events were capped off by an interactive panel discussion where Mint managers answered questions posed by suppliers.

Suppliers expressed their gratitude for being invited to the event, and Mint personnel were grateful for the valuable opportunity to discuss important business issues with their suppliers. Both parties look forward to being full partners in achieving their mutual goals and objectives.



**Customer Service
Update - Serving
You**

by Richard Miller
OCC

The Treasury Customer Service Council is pleased to announce publication of the Treasury procurement best practices book. Copies will be provided to your bureau for your use.

The title is "*Today's Idea...Tomorrow's Practice!*" **Joan Tuenge** from the Mint won the contest to determine who, excluding OCC participants, could contribute the most procurement best practices which would be published. Joan received her leather OCC travel bag early in November in appreciation for her effort.

The National Contract Management Association home page on the Internet (<http://www.ncmahq.org>) posted a supportive "procurement update" article on October 28 regarding the best practices book. **Steve Kelman**, Administrator of OFPP, had requested a copy upon publication, so our practices will be reviewed by several groups beyond Treasury.

"*Today's Idea...Tomorrow's Practice!*" is now available to you, too. You can get it from your Customer Service Council representative or your Bureau Chief Procurement Officer. You'll notice that it encourages you to provide more "best practices" so that we can continue to keep the book current. The Feedback Questionnaire offers you the opportunity to give us your impressions of the book...please do! YOU are OUR customer!

Bureau of Engraving & Printing Employees Receive "CPCM" Certification

by Louise B. Kinsler
BEP

Tina B. McGuire and **Jeffrey R. Ryan**, Contract Specialists, Equipment & Services Contracts Division, successfully passed the National Contract Management Association (NCMA) 1996 Certified Professional Contracts Manager (CPCM) examination on June 21, 1996. The certification requires a high level of education, experience, and training in the procurement and contracting profession.

When asked, Tina and Jeff said they viewed taking the CPCM exam as a way to demonstrate their initiative and commitment to personal improvement and professional development. Achieving certification also allows Jeff and Tina to demonstrate their knowledge and ability to tackle the increasingly complex field of federal acquisition by keeping abreast of the ever-changing procurement reform, as well as the use of innovative procurement techniques.

Dan O'Brien, Materials & FIP Contracts Division, currently facilitates NCMA classes for preparation for the CPCM exam. You may call Dan at 874-0133. You can also obtain free information about the CPCM program by calling NCMA's Certification Department at 703-448-9231.

Alternative Dispute Resolution Alive and Well

*by Ernest Dilworth
BEP*

The Alternative Dispute Resolution (ADR) Act of 1996, permanently reauthorizing the 1990 ADR Act, was passed by the 104th Congress on October 4, 1996, and is awaiting the President's signature. This Act shows the firm commitment of Congress to encourage the Federal Government to resolve disputes in an inexpensive means as an alternative to litigation in the Federal courts.

The Federal Mediation Conciliation Service has been designated as the agency to establish an interagency committee to facilitate and encourage agency use of ADR dispute resolution.

Carol L. Seegars, Bureau of Engraving and Printing, is the Deputy Procurement Executive for ADR. Mrs. Seegars is Chairperson of the Treasury ADR Ad hoc Committee with representatives from each of the Treasury bureaus. The goal of the Committee is to increase awareness and use of ADR techniques in disputes and avoid costly and lengthy litigation. The Committee has been successful in establishing ADR training in conjunction with the Treasury Acquisition Institute (TAI) and providing each of the Bureaus with ADR information. The Committee is also in the process of providing written Treasury guidelines and establishing a formal ADR program.

With the passage of the ADR Act of 1996, Congress sends a clear signal to agencies, courts and the private sector that ADR is supported by our top lawmakers and the new Act will ultimately increase the number of dispute resolution methods available to government officials and enhance the operation of government to better serve the public. ADR can also be used for resolving protests.

Procurement of Printing - Rule Changes Not Yet a Reality

*by Kirk Markland
Printing & Graphics Division*

In recent years there has been significant controversy about the laws and regulations which govern procurement of printing and duplicating by the Executive Branch. This controversy has been fueled by a number of developments, such as the National Performance Review's report on Reinventing Support Services, and a Justice Department opinion questioning the existing legal and regulatory framework.

Despite these developments, there has not yet been any significant change in policy. The most recent statement of Executive Branch printing policy came via an OMB memorandum (96-37) to Department Heads dated September 12, 1996. In that memorandum, Acting OMB Director Jacob Lew asked that agencies continue to obtain their printing and duplicating needs from the Government Printing Office (GPO). He also stated that OMB would be working with the Congress on a comprehensive reform of the printing statutes.

Given the impetus for change, it seems reasonable to expect some legal/policy reform in 1997. In the meantime, please be aware of the following limitations:

- " No printing or duplicating should be obtained via purchase cards;
- " Printing requirements should not be included in contracts for other products or services;
- " Treasury's Printing and Graphics Division should be fully consulted before establishing any new interagency agreements for obtaining printing or any related service from another agency.

Please ask your customers to continue obtaining required printing through established central bureau contacts and the Printing and Graphics Division. If you have questions or concerns please contact the Printing and Graphics Division at 202-622-2170 or your bureau printing contact.

Bureaus Prepare to Survey

by Terri Toplisek

The Treasury Procurement Performance Measurement Council is preparing to conduct the second round of Self-Assessment, Customer, and Employee Surveys within all bureau procurement offices. The FY 95 data will be used as a baseline measure to begin trend analysis using FY 96 data.

The preliminary work of gathering customer and employee lists, reproducing surveys, and preparing return/self-addressed envelopes is scheduled to begin during December 1996. Survey mailing is targeted for January 1997, followed by data entry of survey results during February. Raw data (glyphs and spreadsheets) will be distributed in March 1997. We also plan to distribute additional trend analysis for each bureau to assist them in understanding and using the data.

Thank you for supporting the performance measurement initiative. The attendance at the council meetings and the members' enthusiastic participation is fantastic! We encourage you to diligently continue your efforts to improve.

POLICY CORNER

OFPP Draft Guidance on Performance Based Service Contracting

by Kevin Whitfield

The Office of Federal Procurement Policy (OFPP) recently announced the availability of draft guidance materials for converting selected professional and technical services to performance based contracting methods. Performance-based contracting entails gearing all aspects of an acquisition of services to the desired objectives instead of on how the work is to be done. The rationale is that by focusing on results instead of processes, contractors will be better able to use their ingenuity to give the government better value for its money.

Presently, OFPP has made available draft performance based contracting guidance for software development and automated data processing services. Similar guidance is being prepared for such services as training, telephone customer assistance, aircraft maintenance and test range support. The draft materials are being prepared by an interagency working group under the direction of OFPP. Representatives of the Treasury Performance Based Service Contracting Task Force are participating in this effort, which includes development of generic documents related to performance requirements and standards, quality assurance, incentives and evaluation criteria.

Once the guidance has been finalized, it will be published as a reference source for agencies to use on a voluntary basis. To obtain a copy of the draft guidance, contact OFPP's Linda Messaros at (202) 395-4821.

OFPP to Delay Schedule for Collecting Past Performance Data below \$1 Million

by Kevin Whitfield

OFPP recently announced its intention to delay the regulatory requirement concerning the collection of contractor past performance information. As a result of ongoing discussions between OFPP and the Defense Department (DoD), Steve Kelman, OFPP Administrator, agreed to hold off on lowering the \$1 million threshold "until we have more experience" with the requirement.

The delay, which will apply government-wide, will allow agencies to use the \$1 million threshold for both collecting and using contractor performance data until further guidance is issued. However, agencies will not be precluded from using a lower threshold in the meantime.

DoD's major concern is based on a recent study of past performance evaluation systems by Arthur D. Little. The Little report said that a one-size-fits-all approach is not suitable for all the products and services DoD acquires. Instead, it recommended tailoring the collection and evaluation of contractor performance history to particular business areas.

Steve Kelman is a strong advocate of the use of contractor "report cards" as a means of ensuring that contractors satisfy their government customers by meeting cost, schedule and performance goals. He stressed that in delaying the phasing in of the past performance requirement, he is not backing off on his commitment to the evaluation of contractors' past performance but is merely allowing time to get feedback and refine the requirements accordingly.

Treasury Procurement Data System Update

by Annelie Kuhn

On November 4, 1996, we activated the revised Treasury Procurement Data System (TPDS) data base. Major changes include adding data fields mandated by FASA/FARA such as commercial item acquisition and multi-year contracts; adding options to existing data fields; deleting data fields that are obsolete; and, deleting Treasury specific data fields and options that were not utilized.

Documentation will consist of the Federal Procurement Data Center's Reporting Manual, supplemented with Treasury specific information. The manuals are in printing

and will be distributed this month. In addition, we are updating the user manual. We expect to complete the user manual by January, 1997.

TPDS training at has been scheduled at the Treasury Acquisition Institute (TAI) for March 1997. The training will consist of half-a-day of lecturing and half-a-day of hands-on demonstration of the system. Check TAI's calendar for the exact dates.

As with any major system changes, we expect some glitches. Call your TPDS coordinator if you experience system problems, or feel free to call **Sandi Jones** at 622-0377 or **Annelie Kuhn** on 622-0203.

Interagency Acquisition Internet Council (IAIC) Update

by Angelie Jackson

The Acquisition Virtual Library is available for use. It was developed through the Virtual Library Subcommittee. Replacing what was available under the References section of the ARNet, it provides a wealth of procurement information. It features invaluable data that is categorized under Procurement Resources, Business Opportunities and Other Sites of Interest.

Under **Procurement Resources**, one can find FAR & Agency Supplements, Laws and Regulations, Guidance/Training, Debarred Bidders List, SIC Codes, etc. Under **Business Opportunities**, one can find CBD, agency acquisition web sites, electronic commerce, government wide contracts and procurement and contract data. Periodicals and professional organizations can be found under **Other Sites of Interest**.

For those that have Internet access, this invaluable resource can be found at **www.arnet.gov**.

The **CBDNet** is now under pilot. Treasury has expressed its interest in "piloting" the CBDNet to the Department of Commerce. Commerce welcomes our participation. Listed below is the schedule Commerce intends to follow:

Pilots have begun

Electronic printing begins December 1, 1997

Industry pilot begins December 1, 1997

CBD will be "live" on the Internet on January 3, 1997.

Price decreases from \$18 to \$5 per transaction on January 3, 1997 - for those using CBDNet

Some of the benefits of the CBDNet include real time posting; immediate printing/verification; minimized data entry; pull down menus, and templates for seven types of synopses. Stay tuned...once we obtain our GPO billing and password, we will pass this information to you.

U.S. Secret Service Ground Breaking

by Robert Petrosky

U.S. Secret Service

On July 24, 1996, a ground breaking ceremony was held on the building site for the new U.S. Secret Service consolidated building to be located at 930 H Street, N.W. The ceremony marked the kickoff of the construction phase of the project. Speakers included Treasury Secretary Rubin, the Administrator of the General Service Administration, David Barram; and Director of the U.S. Secret Service, Eljay Bowron. Following the formal presentations, the event concluded with a ceremonial dig with "golden" shovels. Construction of the new building will be completed in late 1999.

Bureau of Engraving & Printing Procurement Conference

by Louise B. Kinsler

BEP

The BEP's Office of Procurement held their annual Procurement Conference on September 23-25, 1996 in Williamsburg, VA. The theme for this year's conference was "Procurement, The Bridge Between Customer Service and Customer Satisfaction."

Treasury Procurement Executive, Bob, Welch, was a key speaker on the topic of best practices. Larry E. Rolufs, Director, Bureau of Engraving and Printing, and Tim Vigotsky, Associate Director (Management) presided over an open forum. Also, attending were representatives from the Office of Federal Procurement Policy. Deputy Associate Administrators, Linda Williams, spoke on multiple task/delivery order contracting, and Matthew Blum spoke on commercial items.

Through the success of this year's Procurement Conference, the BEP Office of Procurement is exploring various customer service initiatives, streamlining review processes and internal and external procedures.

GAO Report on the Purchase Card Program is Favorable and Recommends Growth

by Martha Lanigan

The General Accounting Office (GAO) conducted a review of the purchase card program to determine the extent to which use of the card has led to administrative savings, the potential for growth in use of the card, and to assess the management controls in place. The program came out a winner in all categories.

The report found that there is room for growth of the program and some agencies are setting goals to promote additional card use. Controls in the program were found to be sufficient to deter abuse. Many good agency programs and automation tools were identified, but there is currently no easy way to share them. The Office of Federal Procurement Policy recommends that the Acquisition Reform Net be used for this purpose. The report also recommends clearer FAR coverage.

Copies of the report were distributed to bureau Agency Program Coordinators for the purchase card program at the quarterly meeting in October. Additional copies may be obtained by calling 202-512-6000 and the reports are available on the Internet at "info@www.gao.gov."

CONTRACTING VACANCIES IN TREASURY

For a copy of the vacancy announcement, call the Personnel Office in the bureau having the opening.

U.S. Mint - GS 1102-9/11/12 Temporary (NTE One year)but may become permanent; Location - Washington, D.C.; Open 11/4/96 - 11/29/96

U.S. Secret Service - GS 1102-14; Location - Washington, D.C.; Chief, Contracts Management Branch; anticipate posting within a couple of months.

ATF - GS 1105-6/7; Location - Washington, D.C.; not posted yet; may have one more purchasing agent and contract specialist.

DO/Procurement Services Division - GS 1102-11/12/13 - will be reposted soon and anticipate one or two GS 13's in the next few months; Location - Washington, D. C.

OCC - OC 1102-8 (\$27,273 - \$35,755 plus 18.1% geographic pay) ladder to OC 13; Location - Washington, D.C.; Open 10/25/96 - 11/22/96; Outstanding Scholar Program - must have 3.45 GPA (out of 4).

IRS - Freeze

FMS - Freeze

BEP - None

Customs - None

USA Jobs

The Office of Personnel Management has a new World Wide Web home page, called *USA Jobs*, that lists openings in federal agencies.

The new site enables job seekers to search by occupation, geography and pay, and it also includes listings from state and local governments. In addition, forms and other documentation can be obtained from *USA Jobs* as well.

Developed as part of the National Performance Review program, the page's address is www.usajobs.opm.gov.

HAVE A WONDERFUL HOLIDAY SEASON

AND

LOOK FOR MORE NEWS IN 1997!

